

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

*In the Matter of:*

Cardwell Post Office  
Cardwell, Montana 59721

Docket No. A2012-101

UNITED STATES POSTAL SERVICE  
COMMENTS REGARDING APPEAL  
(February 15, 2012)

On December 22, 2011, the Postal Regulatory Commission (Commission) received three petitions for review from postal customers, Afton Fell (Petitioner Afton Fell), Misty Hammerbacker (Petitioner Hammerbacker), and Clays in Calico (Petitioner Clays in Calico), objecting to the discontinuance of the Post Office at Cardwell, Montana.<sup>1</sup> On January 5, 2012, the Commission issued Order No. 1102, its Notice and Order Accepting Appeal and Establishing Procedural Schedule under 39 U.S.C. § 404(d). In accordance with Order No. 1102, the administrative record was filed with the Commission on January 6, 2012. On January 31, 2012, a joint Participant Statement was filed by Petitioner Hammerbacker and Petitioner Clays in Calico. Another Participant Statement was filed the same day by Harriet Fell (Petitioner Harriet Fell). The following is the Postal Service's answering brief in support of its decision to discontinue the Cardwell Post Office.

The appeals and Participant Statements received by the Commission raise three issues: (1) the effect on postal services, (2) the impact upon the Cardwell community, and (3) economic savings. As reflected in the administrative record of this proceeding, the Postal Service gave these issues serious consideration. In addition, consistent with

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<sup>1</sup> This discontinuance was conducted pursuant to Handbook PO-101, dated August 2004, and updated with Postal Bulletin revisions through August 2, 2007.

the Postal Service's statutory obligations and Commission precedent,<sup>2</sup> the Postal Service gave consideration to a number of other issues, including the impact upon postal employees. Accordingly, the determination to discontinue the Cardwell Post Office should be affirmed.

### **Background**

The Final Determination To Close the Cardwell, MT Post Office and Extend Service by Rural Route Service ("Final Determination" or "FD")<sup>3</sup>, as well as the administrative record, indicate that the Cardwell Post Office provides EAS-11 level service to 127 delivery customers, 55 Post Office Box customers, and retail customers 38.75 hours per week.<sup>4</sup> The postmaster of the Cardwell Post Office retired on March 31, 2009. Since the postmaster vacancy, a noncareer officer-in-charge (OIC) has been installed to operate the office. Upon implementation of the final determination, the noncareer postmaster relief may be separated from the Postal Service, although attempts will be made to reassign the employee to a nearby facility.<sup>5</sup> The average number of daily retail window transactions at the Cardwell Post Office is 14, accounting for 17 minutes of workload daily.<sup>6</sup> Revenue is low: \$23,297.00 in FY 2008 (61 revenue

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<sup>2</sup> See 39 U.S.C. 404(d)(2)(A).

<sup>3</sup> The Final Determination can be found at Item No. 47 in the Administrative Record. All citations to the Final Determination will be to "FD at\_\_\_," Rather than to Item 47. The FD is not paginated however the Round-date cover sheets will serve as page number 1. Other Items in the administrative record are referred to as "Item No.\_\_\_\_."

<sup>4</sup> FD at 2; Item No. 18, (Form 4920) Post Office Closing or Consolidation Proposal Fact Sheet ("Fact Sheet"), at 1.

<sup>5</sup> FD at 11.

<sup>6</sup> FD at 2. Petitioner Hammerbacker and Petitioner Clays in Calico in their joint Participant Statement allege that the surveys were strategically conducted in February which is the lowest retail month of the year for any business. According to Item No. 10a, Item No. 10 Window Survey, Item No. 11 Survey of Incoming Mail, and Item No. 12 Survey of Dispatched Mail, volume surveys were scheduled to be conducted from February 26, 2011 to March 11, 2011 at the Cardwell Post Office. The survey is just a snapshot at a point in time. Sometimes, it will reflect normal activity, and sometimes it may reflect conditions that affect business traffic, such as extremes in weather conditions that may suppress the

units); \$21,101.00 in FY 2009 (55 revenue units); and \$23,255.00 in FY 2010 (61 revenue units).<sup>7</sup> The Cardwell Post Office has no permit or meter customers. FD at 2; Item No. 18, Fact Sheet, at 1.

Upon implementation of the final determination, delivery and retail services will be provided by rural route service administered by the Whitehall Post Office, an EAS-16 level office located nearby,<sup>8</sup> which has 48 available Post Office Boxes. FD at 2; Item No. 18, Fact Sheet, at 1. Rural Service will be provided to cluster box units (CBUs). CBUs are secure free-standing units of individually locked mail compartments installed and maintained by the Postal Service at no cost to customers. FD at 2. A parcel locker may also be installed to provide convenient parcel delivery for customers. FD at 2.

The Postal Service followed the proper procedures which led to the posting of the Final Determination. All issues raised by the customers of the Cardwell Post Office were considered and properly addressed by the Postal Service. The Postal Service complied with all notice requirements. In addition to the posting of the Proposal and Final Determination, customers received notice through other means. Questionnaires were distributed to delivery customers of the Cardwell Post Office. Questionnaires were also available over the counter for retail customers at Cardwell. FD at 2; Item No. 20, Questionnaire Instruction Letter from P.O. Review Coordinator to OIC/Postmaster at

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overall average, or a large gathering or event is held in a less populated area, that may increase the overall average. In any event, the daily number of transactions is not the sole factor informing this final determination; it is merely one of many facts considered. Furthermore, the revenue trend at the Cardwell Post Office, which is low, despite increases in rates, enables management to assess customer demand and usage on an annualized basis.

<sup>7</sup> FD at 2; Item No. 18, Fact Sheet, at 1.

<sup>8</sup> Petitioners allege that the record inaccurately states the mileage between Cardwell and Whitehall Post Offices. They contend that the mileage is 9.6 miles or 9.8 miles depending on the route taken. However, mileage may depend on the route selected, and vary based on upon the mapping tool that is used to generate the distance. In this case, the Postal Service gathered information from an electronic search tool. Item No. 4, Highway Map with Community highlighted.

Cardwell Post Office, at 1. A letter from the Manager of Post Office Operations, Bozeman, Montana, was also made available to postal customers, which advised customers that the Postal Service was evaluating whether the continued operation of the Cardwell Post Office was warranted, and that effective and regular service could be provided through carrier delivery and retail services available at the Whitehall Post Office. The letter invited customers to complete and return a customer questionnaire wherein they could express their opinions about the service they were receiving and the effects of a possible change involving carrier delivery. Item No. 21, Letter to Customer, at 1. The returned customer questionnaires and Postal Service response letters appear in the administrative record in Item No. 22. In addition, representatives from the Postal Service were available at the Cardwell School for a community meeting on April 20, 2011,<sup>9</sup> to answer questions and provide information to customers. FD at 2; Item No. 21, Letter to Customer, at 1; Item No. 24, Community Meeting Roster; Item No. 25, Community Meeting Analysis. Customers received formal notice of the Proposal and Final Determination through postings at nearby facilities. The Proposal was posted with an invitation for public comment at the Cardwell Post Office from June 27, 2011 to August 26, 2011 and the Whitehall Post Office<sup>10</sup> from October 6, 2011 to December 7, 2011. FD at 2; Item No. 36, Round-date stamped Proposals and Invitations for comments from affected offices. The Final Determination was posted at the same two

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<sup>9</sup> Petitioners Hammerbacker and Clays in Calico suggest that the discontinuance of the Cardwell Post Office was predetermined. However, local field personnel could not predetermine the outcome; because the final determination was approved at Headquarters upon review of the information compiled in the administrative record.

<sup>10</sup> The Whitehall Post Office is not a candidate facility within the Retail Access Optimization Initiative (RAOI). See Docket No. N2011-1, USPS LR-N2011-1/11 Rev 1, at <http://www.prc.gov/prc-pages/library/detail.aspx?docketId=N2011-1&docketPart=Documents&docid=75971&docType=Library%20References&attrID=&attrName=>.

Post Offices beginning November 16, 2011, as confirmed by the round-dated Final Determination cover sheets.<sup>11</sup>

In light of a postmaster vacancy, minimal workload, low office revenue,<sup>12</sup> the variety of delivery and retail options (including the convenience of carrier delivery and retail service),<sup>13</sup> very little recent growth in the area,<sup>14</sup> minimal impact upon the community, and the expected financial savings,<sup>15</sup> the Postal Service issued the Final Determination.<sup>16</sup> Regular and effective postal services will continue to be provided to the Cardwell community in a cost-effective manner upon implementation of the final determination. FD at 9.

Each of the issues raised by the Petitioners is addressed in the paragraphs which follow.

### **Effect on Postal Services**

Consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iii) and as addressed throughout the administrative record, the Postal Service considered the effect of closing the Cardwell Post Office on postal services provided to Cardwell customers. The closing is premised upon providing regular and effective postal services to Cardwell customers.

The Petitioners, in their letters of appeal and Participant Statements, raise the issue of the effect on postal services of the Cardwell Post Office's closing, noting the

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<sup>11</sup> Item No. 49, Round-date stamped Final Determination cover sheets.

<sup>12</sup> See note 5 and accompanying text,

<sup>13</sup> FD at 2-9.

<sup>14</sup> Item No. 16, Community Survey Sheet, at 1.

<sup>15</sup> FD at 8-9; Item No. 29, Proposal Checklist, at 2.

<sup>16</sup> FD at 10.

convenience of the Cardwell Post Office and requesting its retention. Specifically, the Petitioners raise concern about traveling to another Post Office for services.

As explained in the record, customer convenience may be enhanced upon implementation of the final determination because most retail services provided at the Post Office are available from the carrier. The provision of rural carrier service will alleviate the need for customers to travel to the Post Office to obtain services and will provide them with 24-hour access to their mail. FD at 9. Furthermore, most transactions do not require meeting the carrier at the mailbox. Stamps by Mail and Money Order Application forms are available for customer convenience.<sup>17</sup>

The Stamps by Mail Program provides customers with the opportunity to purchase stamps, envelopes, and postal cards by Form 3227-R, Stamps Purchase Order Form (Rural), which is available from the Post Office or the carrier. FD at 4. Commemorative stamps and stamp collecting products are also available through this program. The customer addresses the postage paid order form envelope, encloses payment by personal check or postal money order made payable to the US Postal Service, and mails the form (postage-free) or leaves it in the mailbox for carrier pick-up. Most orders are processed overnight, and some immediately. FD at 4.

Money orders may also be purchased from the carrier to facilitate customer's bill paying needs. Customers may purchase money orders by meeting the carrier at the mailbox, completing an application, and paying the carrier (in cash) the price of the money order, plus the fee. FD at 4. The carrier gives the customer a receipt for the application, completes the money order upon returning to the Post Office, and leaves a

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<sup>17</sup> FD at 4.

money order receipt in the customer's mailbox on the next delivery day. FD at 4. For more expedited service, most customers provide the carrier with a stamped, self-addressed envelope in which the completed money order is mailed to its destination. If customers prefer, money orders will be returned for verification on the next delivery day. FD at 4.

Petitioners express concern for the elderly and citizens with special medical needs. The Postal Service explained, however, that carrier service is especially beneficial to many senior citizens and those who face special challenges. Customers do not have to make a special trip to the Post Office for service because the carrier can provide delivery and retail services to CBUs located close to customer residences. FD at 3. Moreover, in hardship cases, delivery can be made to the home of the customer. FD at 3. Customers may contact the administrative postmaster for more information. FD at 5.

Petitioner Fell raises concern about package pick up and delivery. Rural carriers will delivery packages that fit in rural mailboxes or CBU parcel lockers provided by the Postal Service. FD at 7. If the package does not fit in the mailbox, the carrier will deliver the package up to ½ mile off of the line of travel, at a designated place, such as a porch or carport. FD at 7. For carrier pickup of packages, customers can contact the administrative Post Office to advise the carrier that they have a package available for pickup. The rural carrier will accept letters, flats or packages up to 13 ounces for mailing. FD at 6. The carrier will estimate the cost and provide a receipt for any money received. FD at 6. On the following delivery day, the carrier will provide change or a bill

for the amount over the estimate. FD at 8. Packages over 13 ounces may be picked up in the postage was printed online or with a traceable meter.<sup>18</sup>

Petitioners' Hammerbacker and Clays in Calico state that many customers do not have a computer, therefore they are unable to take advantage of services offered by the Postal Service online. Services are also available for customers who do not have computers. As previously mentioned, Stamps by Mail and Money Order Application forms are available for customer convenience. Stamps are also available at many stores and gas stations, or by calling 1-800-STAMP-24. Carriers can also provide special services (such as certified, registered, or Express mail, delivery confirmation, signature confirmation, and COD) and package delivery and pickup. FD at 5.

Although the Petitioners do not raise concerns about mail security, the record explains that the Postal Service will furnish CBUs free of charge. CBUs provide the security of individually locked mail compartments. The Postal Service also sent a questionnaire to the Postal Inspection Service concerning mail theft and vandalism in the Post Office area. The records of that agency indicate that there are no reports of mail theft or vandalism in the area. Item No. 14, Inspection Service/local law enforcement vandalism reports, at 1. As such, there appears to be minimal risk of mail theft or vandalism occasioned by the closing of the Cardwell Post Office.

The Postal Service has considered the impact of closing the Cardwell Post Office upon the provision of postal services to Cardwell customers. The carrier can provide similar access to retail service, thereby alleviating the need to travel to the Post Office.

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<sup>18</sup> A rural carrier is permitted to pick up a package weighing 13 ounces or more if the package is shipped by a known customer, does not have stamps applied, and includes a return address that matches the pick-up point. It is not necessary for customers to meet the carrier to utilize this service, as customers have the option of placing the package and payment in their delivery receptacle for pick-up by the carrier.

FD at 7. Thus, the Postal Service has properly concluded that all Cardwell customers will continue to receive regular and effective service.

### **Effect Upon the Cardwell Community**

The Postal Service is obligated to consider the effect of its decision to close the Cardwell Post Office upon the Cardwell community. 39 U.S.C. § 404(d)(2)(A)(i). While the primary purpose of the Postal Service is to provide postal services, the statute recognizes the substantial role in community affairs often played by local Post Offices, and requires consideration of that role whenever the Postal Service proposes to close or consolidate a Post Office.

Cardwell is an unincorporated rural community located in Jefferson County. The community is administered politically by Jefferson County. Police Protection is provided by the Whitehall and Jefferson County Sheriff and fire protection is provided by the Whitehall Fire Department. The community is comprised of ranchers and those who commute to work at nearby communities and may work in local businesses. The questionnaires completed by Cardwell customers indicate that, in general, the ranchers, commuters, and others who reside in Cardwell must travel elsewhere for other supplies and services. See generally FD at 9; Item No. 22, Returned customer questionnaires and Postal Service response letters.

Petitioners Hammerbacker and Clays in Calico allege that the Postal Service did not take into consideration how small businesses would be affected by the closure of the Cardwell Post Office. The Postal Service explained that businesses generally require regular and effective services, and these will continue to be provided to the Cardwell community. There is no indication that the business community will be

adversely affected. FD at 10. In addition, questionnaire responses reveal that customers will continue to use local businesses if the Post Office is discontinued. See generally FD at 10; Item No. 22, Returned Customer Questionnaires, at 81, 82, 84, 86, 88, 90, 92, 98, 100, 102, 104, 106, 108, 112, 114, 118, 120, 122, 124, 126, 132, 138, 140, 146, 148, 152, 156, 162, 164, 166, 168, 172, 174, 176, 178, 180, 186, 188, 192, 196, 198, 202, 208, 213, 215, 224, 227, 230, 232, 234, 236, 242, 245, 250.

With regard to the impact on Petitioner Clays in Calico's concern regarding mailing packages, the Postal Service explained that rural carriers will accept letters and packages for mailing. FD at 8. The carrier will estimate the cost and provide a receipt for any money received. On the following delivery day, the carrier will provide change or a bill for the amount over the estimate. FD at 8. Thus, not only will Clays in Calico have access to package mailing services, such services will be conveniently available because the rural carrier will offer retail and delivery services in the community.

Petitioner Harriet Fell raises concern about the loss of community identity. The Postal Service explained that a community's identity derives from the interest and vitality of its residents and their use of its name. FD at 10. The Postal Service explained that it is helping to preserve community identity by continuing the use of the Cardwell Post Office name and ZIP Code in addresses. FD at 10.

The Postal Service further concluded that nonpostal services provided by the Cardwell Post Office can be provided by the Whitehall Post Office. FD at 9. Government forms usually provided by the Post Office are also available by contacting local government agencies. FD at 9. Local officials also determined that there has

been minimal growth in the area in the recent years, and that carrier service will be able to accommodate any future growth in the community. FD at 9.

Thus, the Postal Service has met its burden, as set forth in 39 U.S.C. § 404(d)(2)(A)(i), by considering the effect of closing the Cardwell Post Office on the community served by the Cardwell Post Office.

### **Economic Savings**

Postal officials also properly considered the economic savings that would result from the proposed closing, as provided under 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service estimates that carrier service would cost the Postal Service substantially less than maintaining the Cardwell Post Office and would still provide regular and effective service. Item No. 21, Letter to Customer, at 1. The estimated annual savings associated with discontinuing the Cardwell Post Office are \$48,413.00. FD at 10.

Petitioners question the labor costs used in the economic savings calculation. The Petitioners state that the current OIC receives no benefits and accordingly claim that the labor savings are overstated. If the Cardwell Post Office closes, one career slot will be eliminated. If the Post Office is not discontinued, that slot would have been filled with a career employee, and the salary and benefits to be paid would be as shown for a postmaster. Thus, the Postal Service will save the salary and benefits of a career Postmaster position.

Petitioners suggest strategies that might reduce costs for the Cardwell Post Office and the Postal Service in general. These strategies include cutting the Postmaster General's salary, discontinue the making of special stamps, and eliminating the use of the internet for transactions. The Postal Service has broad experience with

similar options, but the focus of this administrative action concerns whether service can be provided effectively and efficiently to the Cardwell community. In this case, the Postal Service has determined that rural route service to CBUs, coupled with service at the nearby Whitehall Post Office, is more a more cost-effective solution than maintaining the Cardwell postal facility and career position. The Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations.

Petitioner Hammlerbacker questions the closing to the Cardwell Post Office and instead recommends reviewing Post Offices in bigger cities. The record explains, however, that Post Offices are reviewed on a case-by-case basis. FD at 2. When there is a vacancy in a small office, it is customary to conduct a study of the business activity and investigate the feasibility of providing service by alternative means. FD at 2. In this case, it was determined that the Postal Service could continue to provide a maximum degree of effective and regular postal services to the community while providing services efficiently, according to actual customer usage patterns. FD at 10.

Economic factors are one of several factors that the Postal Service considered, and economic savings have been calculated as required for discontinuance studies, which is noted throughout the administrative record, consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iv). FD at 10.

The Postal Service determined that carrier service is more cost-effective than maintaining the Cardwell postal facility and postmaster position. FD at 10. The Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations. The Postal Service, therefore, has considered the

economic savings to the Postal Service resulting from such a closing, consistent with its statutory obligations and Commission precedent. See 39 U.S.C. § 404(d)(2)(A)(iv).

### **Effect on Employees**

As documented in the record, the impact on postal employees is minimal. The postmaster retired on March 31, 2009. Since the postmaster vacancy, a noncareer OIC was installed to operate the office. Upon implementation of the Final Determination the noncareer OIC may be separated from the Postal Service, although attempts will be made to reassign the noncareer OIC to a nearby office. The record shows that no other employee would be adversely affected by this closing. FD at 10; Item No. 15, Post Office Survey Sheet, at 1.

Therefore, in making the determination, the Postal Service considered the effect of the closing on the employees at the Cardwell Post Office, consistent with its statutory obligations. See 39 U.S.C. § 404(d)(2)(A)(ii).

### **Conclusion**

As reflected throughout the administrative record, the Postal Service has followed the proper procedures and carefully considered the effect of closing the Cardwell Post Office on the provision of postal services and on the Cardwell community, as well as the economic savings that would result from the proposed closing, the effect on postal employees, and other factors, consistent with the mandate of 39 U.S.C. § 404(d)(2)(A).

After taking all factors into consideration, the Postal Service determined that the advantages of discontinuance outweigh the disadvantages. In addition, the Postal Service concluded that after the discontinuance, the Postal Service will continue to

provide effective and regular service to Cardwell customers through carrier service. FD at 9. The Postal Service respectfully submits that this conclusion is consistent with and supported by the administrative record and is in accord with the policies stated in 39 U.S.C. § 404(d)(2)(A). The Postal Service's decision to close the Cardwell Post Office should, accordingly, be affirmed.

The Postal Service respectfully requests that the determination to close the Cardwell Post Office be affirmed.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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